

## Message Text

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70

ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-04 PRS-01 USIA-15 L-03 H-03 IGA-02 DRC-01

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R 161945Z NOV 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 4330

C O N F I D E N T I A L BUENOS AIRES 8399

E.O. 11652: GDS

TAGS: EFIN

SUBJECT: WORLD BANK MISSION TO ARGENTINA

1. SUMMARY. WORLD BANK CONSULTATION TEAM, COMPLETING TWO-WEEK VISIT TO BUENOS AIRES, HAS BEEN ABLE REVIEW EXISTING PROJECTS BUT MAJOR ACTIVITY AND CONSULTATION WITH GOA POSTPONED TO JAN/FEB 74. PRESENT VISIT MARRED BY COOL GOA RECEPTION, RELATIVE DISORGANIZATION IN GOA AND FAILURE GOA BE PREPARED FOR VISIT AS HAD BEEN ANTICIPATED. END SUMMARY

2. DEPARTMENT MAY BE AWARE, TO EVEN GREATER DEGREE THAN IS EMBASSY, OF PROBLEMS WHICH HAVE MARRED IBRD/GOA RELATIONS OVER PAST FEW YEARS. SINCE 1971 WE HAVE NOTED THAT GOA SPOKESMAN AND ECONOMIC/FINANCIAL PRESS HAVE PERIODICALLY CASTIGATED IBRD FOR LEVEL OF LENDING TO ARGENTINA, ESPECIALLY RELATIVE TO AMOUNTS LOANED IN BRAZIL. THERE HAS ALSO BEEN CRITICISMS OF RIGIDITIES IN IBRD LOAN PROCEDURES AND AGAINST PAYMENT OF COMMITMENT FEE FOR FUNDS AWAITING USE. WHILE BASIC PROBLEM HAS BEEN CENTERED AROUND POLITICAL AND ADMINISTRATIVE INSTABILITY IN ARGENTINA AND FAILURE TO PREPARE PROJECTS AND JUSTIFICATIONS TO POINT WHERE IBRD COULD USEFULLY WORK WITH GOA, OVERALL  
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OUTCOME HAS BEEN RELATIVELY COOL AND UNSATISFACTORY RELATIONS. OF COURSE, SITUATION HAS NOT BEEN HELPED BY FACT THAT VARIOUS GOA ADMINISTRATIONS HAVE OBJECTED TO IBRD CONDITIONS IN LOANS AND SOUGHT TO UPSET PREVIOUSLY GIVEN COMMITMENTS WHICH IBRD THROUGH

WERE IMPORTANT, SUCH AS MAINTAINING ECONOMIC RATES FOR RAILWAYS AND POWER ENTITIES BORROWING FROM IBRD.

3. WITHOUT SIGNIFICANTLY REDUCING CRITICISM OF IBRD, SINCE MARCH 73 ELECTIONS SPOKESMEN FOR PERONIST GROUP HAVE SOUGHT TO FIND AVENUE FOR BETTER RELATIONS WITH IBRD WHILE SECURING WHAT GOA FEELS IS NEEDED FLEXIBILITY AND CONCESSIONS IN IBRD ATTITUDE AND PROCEDURES AFFECTING ARGENTINA. WE BELIEVE GOMEZ MORALES DISCUSSIONS IN WASHINGTON DURING JULY AND ARGENTINE OFFICIALS' APPROACHES TO IBRD LEADERS IN SEPTEMBER MEETINGS IN NAIROBI WERE DIRECTED TOWARD REESTABLISHING BASIS FOR POSSIBILITY OF LARGER IBRD CREDITS IN FUTURE. AS WE UNDERSTAND IT, UNDER PRESSURE FROM GOMEZ MORALES AND MINISTER OF ECONOMY GELBARD, IBRD AGREED TO SEND EXPLORATORY MISSION TO ARGENTINA IN NOVEMBER. AS PLANS WERE FINALIZED, A MIDDLE LEVEL GROUP WAS TO HOLD PRELIMINARY DISCUSSIONS IN EARLY NOVEMBER AND RELATIVELY MORE SENIOR OFFICIALS WERE TO JOIN THE JUNIOR TEAM FOR SUBSTANTIVE DISCUSSIONS WITH GOA ABOUT NOV 13.

4. H. VAN DER HEYDEN OF BANK STAFF LEAD GROUP OF 3 OR 4 INCLUDING LOAN OFFICER FOR ARGENTINE AREA, J. MARTINEZ, TO BUENOS AIRES ON NOV 4 TO CHECK ON STATUS EXISTING LOAN PROJECTS AND PAVE WAY FOR MORE SENIOR GROUP. AS WE HEAR IT, VAN DER HEYDEN AND PARTY HAVE RECEIVED RELATIVELY CONFUSED AND COOL RECEPTION INDICATING DECISIONS WITHIN GOA REGARDING METHOD OF APPROACH TO IBRD NOT YET MADE. INCIDENTS DURING EARLY PART OF VISIT ALSO INDICATE THERE IS CONFUSION IN GOA OVER INTERNAL ASSIGNMENTS OF RESPONSIBILITIES FOR DEALING WITH GROUPS SUCH AS IBRD TEAMS. TEAM WAS FIRST HOUSED IN MINISTRY OF ECONOMY AND LATER CAUSED OR REQUESTED TO MOVE TO CENTRAL BANK WITHOUT APPARENT JUSTIFICATION OR NEED. TEAM WAS FIRST INSTRUCTED TO DEAL WITH OFFICIAL AND PRIVATE ARGENTINES ONLY IN HIGHLY ARTIFICIAL AND FORMAL MANNER AND ONLY THROUGH DESIGNATED LIASON OFFICERS. TEAM ALSO GIVEN ACCESS ONLY TO ARGENTINE OFFICIALS AT AND BELOW UNDERSECRETARY LEVEL THROUGH NOV 14. THEY HAD NOT BEEN RECEIVED BY MINISTER OF ECONOMY NOR SECRETARIES FOR PLANNING, BUDGET, INDUSTRY OR COMMERCE. ONLY AFTER SEVERAL DAYS OF VAN DER CONFIDENTIAL

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HEYDEN TEAM VISIT DID GOA INDICATE IT WAS UNREADY TO RECEIVE MORE SENIOR OFFICIALS AND TRAVEL PLANS OF SECOND GROUP HAD TO BE HURRIEDLY SCRUBBED.

5. ACCORDING TO VAN DER HEYDEN, TRIP HAS NOT BEEN TOTAL LOSS. RESTRICTIVE FORMAL ARRANGEMENTS AT FIRST IMPOSED BY GOA WERE LATER BROKEN DOWN IN CONFUSION. TEAM MEMBERS HAVE HAD USEFUL MEETINGS OUTSIDE MINISTRY OFFICES WITH RESPONSIBLE OFFICIALS OF HIGHWAY DEPARTMENT, SEGBA POWER COMPANY AND RAILWAYS, ALL OF WHICH ENGAGED IN PROJECTS WITH IBRD SUPPORT. VAN DER HEYDEN EXPECTED HE AND TEAM WOULD BE RECEIVED BY GOMEZ MORALES OF CENTRAL BANK BEFORE LEAVING BUENOS AIRES.

6. WE UNDERSTAND VAN DER HEYDEN HAS BEEN TOLD THAT WHILE GOA NOT NOW READY FOR DISCUSSIONS FURTHER PROJECTS WITH IBRD, GOA DOES HOPE THAT IBRD WILL AGREE TO PLAY AN IMPORTANT ROLE IN FINANCING PORTIONS OF A NEW GOA 3YEAR DEVELOPMENT/INVESTMENT PROGRAM WHICH IS SUPPOSED TO BE UNVEILED BEFORE END 1973. GOA HOPES IBRD WILL HELP FINANCE PROJECTS IN ENERGY, STEEL, AND PETROCHEMICALS TOGETHER WITH EXTENDING FURTHER CREDITS ON HIGHWAYS AND AGRICULTURAL PRODUCTION IMPROVEMENTS. GOA APPARENTLY HOPES THAT IT WILL BE IN POSITION TO RECEIVE NEW IBRD SURVEY TEAM OF APPROPRIATELY HIGHLEVEL ABOUT EARLY FEB 1974.

7. ALTHOUGH TEAM LEAD BY VAN DER HEYDEN HAS NOT ENGAGED IN ANY BROAD STUDY OF ARGENTINE ECONOMY, HAS NOT BEEN GIVEN EVEN AN OUTLINE OF FUTURE GOA PROGRAM AND HAS HAD NO OPPORTUNITY DISCUSS BROAD POLICY ISSUES WITH GOA. WE BELIEVE VAN DER HEYDEN CARRIES AWAY (TEAM RETURNING TO WASHINGTON NOV 17) A RELATIVELY OPTIMISTIC PICTURE CONCERNING POSSIBILITIES THAT GOA WILL BECOME BETTER ORGANIZED AND, TAKING ADVANTAGE OF IMPROVED POLITICAL STABILITY AND REASONABLY GOOD EXTERNAL SECTOR PROSPECTS FOR SHORT AND MEDIUM TERM, MAY DEVELOP PLANS AND PROGRAMS WITH WHICH IBRD CAN COOPERATE.

8. THIS MESSAGE SUBMITTED TO INFORM DEPARTMENT OF DIFFICULTIES AND HIGH SENSITIVITY IN GOA/IBRD RELATIONS. WE ANTICIPATE, OF COURSE, THAT DEPARTMENT'S OFFICERS WILL LEARN MORE CONCERNING THIS SUBJECT DURING DISCUSSIONS WITH VAN DER HEYDEN AND OTHER IBRD OFFICIALS IN WASHINGTON. WE HAD TO SEEK OUT VAN DER HEYDEN HERE. HE DID NOT CONTACT EMBASSY BUT WAS FRIENDLY AND FRANK  
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WITH ECOM COUNSELOR AFTER CONTACT WAS MADE. INFORMATION PROVIDED BY HIM AND INCLUDED ABOVE SHOULD BE HANDLED WITH UTMOST DISCRETION. EMBASSY WILL APPRECIATE RECEIPT OF INFORMATION AVAILABLE TO DEPARTMENT WHICH CONFIRMS, MODIFIES OR AMPLIFIES PICTURE WE HOLD OF CURRENT AND DEVELOPING IBRD/GOA RELATIONSHIP.  
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## Message Attributes

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**Capture Date:** 11 MAY 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, VISITS, MEETINGS, BANK LOANS, DEVELOPMENT PROGRAMS, FINANCIAL CONTRIBUTIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
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